

Message Text

CONFIDENTIAL

PAGE 01 THE HA 00319 01 OF 02 211838Z

53

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

AID-20 CIEP-02 TRSE-00 STR-08 OMB-01 CEA-02 COME-00

FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01 FEA-02 SCI-06

IO-14 OIC-04 INT-08 NEA-11 AF-10 DRC-01 /227 W

----- 037995

O R 211353Z JAN 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 2796

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 1 OF 2 THE HAGUE 0319

PASS ALSO TO T/IEP

FOR UNDER SECRETARY DONALDSON FROM AMBASSADOR GOULD

E.O. 11652: GDS

TAGS: ENRG

SUBJ: ENERGY:PREPARATIONS FOR INTERNATIONAL ENERGY

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 THE HA 00319 01 OF 02 211838Z

CONFERENCE

REF: STATE 12410

1. DUTCH VIEWS ON CONFERENCE. AS CHIEF OIL REFINING AND DISTRIBUTION CENTER IN EUROPE AND WITH ENERGY-ORIENTED INDUSTRIAL BASE, NETHS IS OBVIOUSLY INTERESTED IN FREEST POSSIBLE FLOW OF CRUDE AND PRODUCT AT LOWEST POSSIBLE PRICE. ALTHOUGH INTERNATIONAL OIL COMPANIES HAVE DONE EXCELLENT JOB IN MODERATING EFFECT OF BOYCOTT ON SUPPLY OF CRUDE TO DUTCH REFINERIES, EXISTENCE OF BOYCOTT AND UNDERLYING ARAB ANIMOISITY TOWARD NETHS MAKE IT DIFFICULT FOR GON TO CONTEMPLATE SPECIAL GOVERNMENT TO GOVERNMENT DEALS ON FRANCO-BRITISH PATTERN. DUTCH ARE ALSO DEEPLY CONCERNED ABOUT DIVISIVE IMPACT ON EC AND NATO OF OAPEC TACTICS AND SELF-SERVING RESPONSE BY SOME MEMBER COUNTRIES. THEY ARE DISILLUSIONED BY FAILURE OF EC TO PRODUCE SOME SEMBLANCE OF UNITY SINCE NOV 6 STATEMENT IN REPLYING TO EXTERNAL BLACKMAIL IN FIELD CLEARLY WITHIN SCOPE OF ROME TREATY.

2. WITH THIS BACKGROUND, GON (AND WE BELIEVE DUTCH PUBLIC) WELCOMES US INITIATIVE TO MARSHALL MAJOR CONSUMERS TOGETHER IN SEEKING COMMON APPROACH TO BOTH SHORT AND LONG TERM ASPECTS OF PROBLEM AND TO INAUGURATE DIALOGUE WITH PRODUCERS AND OTHER CONSUMERS WITH SOME UNITY OF PURPOSE. THEY WILL PARTICIPATE VIROROUSLY IN EC EFFECT TO ARRIVE AT COMMON POSITION BEFORE EAG CONFERENCE, BECAUSE EC UNITY IS OF ENDURING IMPORTANCE TO DUTCH. HOWEVER, THEY ARE SKEPTICAL OF SUCCESS AND, WE BELIEVE, DETERMINED TO RESIST ANY EC FORMULATION WHICH WOULD FALL SHORT OF WHOLEHEARTED AND STRUCTIVE RESPONSE TO US INITIATIVE. THEY WOULD RATHER SEE EC DIVIDED IN WASHINGTON THAN UNITED IN NEGATIVISM.

3. MAJOR DUTCH OBJECTIVES AT CONFERENCE WILL BE:

(A) DEVELOPMENT OF FORMULA FOR DIALOGUE WITH PRODUCERS WHICH HAS BEST HOPE OF SATISFYING DEVELOPED COUNTRIES' NEED FOR AMPLE SUPPLIES OF OIL AT REASONABLE PRICE DURING TRANSITIONAL DECADE AHEAD AND AT SAME TIME MEETS PRODUCERS' NEEDS FOR LONG-TERM ECONOMIC VIABILITY;

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 THE HA 00319 01 OF 02 211838Z

(B) AGREEMENT ON SCENARIO WHICH BRINGS LDS'S INTO NEGOTIATIONS AT EARLIEST POSSIBLE MOMENT WITH UNDERSTANDING ON ALL SIDES THAT THEY WILL BECUSHIONED AS FAR AS POSSIBLE FROM BOTH SUPPLY AND PRICE IMPACT OF ENERGY SITUATION;

(C) UNDERSTANDING ON COOPERATION DURING INTERIM DECADE IN BOTH R AND D AND OIL SHARING, PREFERABLY USING EXISTING INTERNATIONAL AND REGIONAL MECHANISMS SUCH AS OECD.

4. INTERMINISTERIAL POSITION PAPER NOW READY FOR CABINET
CONSIDERATION WOULD HAVE DUTCH PRESS FOR WASHINGTON
CONFERENCE TO LEAD "ALMOST IMMEDIATELY" TO TRIPARTITE CON-
FERENCE OF PRODUCERS, CONSUMERS AND LDC'S, PERHAPS REPRE-
SENTED RESPECTIVELY BY OPEC, OECD AND "GROUP OF 77"
(OR COMMITTEE OF 24). GON PLANNERS HAVE CONSIDERED AND
REJECTED UNCTAD APPROACH FOR FEAR IT WOULD GET BOGGED DOWN
IN IRRELEVANCIES. THEY ALSO REJECT INCLUSION OF COMMUNIST
COUNTRIES EITHER AS PRODUCERS OR CONSUMERS, THOUGH SOME
MIGHT CREEP IN AS LDC'S. AS DUTCH SEE IT, THIS TRIPARTITE
CONFERENCE MIGHT EVOLVE INTO STUDY GROUP OF MORE MANAGEABLE
SIZE TO DISCUSS PRICES AND VOLUMES OF OPEC OIL PRODUCTION
AND HOPEFULLY GET INTO MACRO-ECONOMIC STUDIES OF IMPACT OF
DIFFERENT PRICE/VOLUME FORMULAE ON ECONOMIES OF DEVELOPED
AND DEVELOPING CONSUMERS AND OF IMPLICATIONS OF THIS IMPACT
FOR FUTURE VIABILITY OF OPEC COUNTRIES THEMSELVES. DUTCH
BELIEVE FRENCH WILL RESIST THIS APPROACH AND MIGHT EVEN RESIST
MULTILATERAL DISCUSSION OF PRICES AND QUANTITIES BECAUSE OF
FEAR THAT SPECIAL DEALS ON MORE FAVORABLE TERMS MIGHT BE
OUTLAWED. DUTCH WILL PROBABLY SURFACE THIS SCENARIO AT
FEB 4 COUNCIL MEETING BUT DO NOT EXPECT THAT MEETING TO
AGREE ON COMMON EC POSITION.

5. SPECIAL SENSITIVITIES. THESE ARE SUGGESTED IN FORE-
GOING PARAGRAPHS. OVERRIDING SENSITIVITY IS SOLICITUDE FOR
LDC INTERESTS. DUTCH WILL URGE NOT ONLY THAT THEY BE
BROUGHT INTO NEGOTIATIONS WITHOUT DELAY BUT ALSO THAT SOLU-
TION OF THEIR ENERGY PROBLEM BE HIGH PRIORITY OBJECTIVE OF
NEGOTIATIONS. ANY APPEARANCE OF VACILLATION, EVASION OR
INSINCERITY ON THIS POINT FROM US OR ANY OTHER PARTY TO
NEGOTIATION WOULD BE SOURCE OF MAJOR CONCERN TO DUTCH
GOVERNMENT AND PEOPLE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 THE HA 00319 01 OF 02 211838Z

6. IMPACT ON DUTCH ECONOMY. THIS WAS COVERED IN HAGUE 0273
AND IN PREVIOUS MESSAGES REFERRED TO THERIN, AS WELL AS
IN DATA EMANATING FROM OECD. TO SUMMARIZE BRIEFLY, OIL
SHORTAGE AND LASTEST PRICE RISES PORTEND CY 74 DUTCH GROWTH
RATE OF ZERO (INSTEAD OF 4.5 PERCENT PROJECTED), CONSUMER
PRICE INDEX INCREASE OF 14 PERCENT (INSTEAD OF 6), UNEMPLOY-
MENT OF UP TO 175,000 (INSTEAD OF 105,000), AND PERHAPS
SMALL BOP CURRENT ACCOUNT DEFICIT (INSTEAD OF 2.5 BILLION
GUILDER SURPLUS). THUS OUTLOOK IS UNAPPETIZING BUT NOT
ALARMING.

7. IMPACT ON POLITICAL SITUATION. THERE HAS BEEN SOME CRITI-
CISM OF GOVERNMENT HANDLING OF SITUATION, BOTH IN INITIAL
RELATIONS WITH ARABS, WHICH OSTENSIBLY LED TO BOYCOTT, AND

IN IMPOSITION OF RATIONING, WHICH IS NOW SEEN AS UNNECESSARY.
ORGANIZED LABOR AND LEFT WING ELEMENTS IN COALITION ARE
UNHAPPY OVER FAILURE THUS FAR TO IMPOSE PRICE FREEZE,
PARTICULARLY SINCE GOVERNMENT HAS NOW PUT PREVIOUSLY ANNOUNCED
WAGE CONTROLS INTO EFFECT. IF GOVERNMENT DOES NOT IMPLEMENT

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 THE HA 00319 02 OF 02 211633Z

53

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

AID-20 CIEP-02 TRSE-00 STR-08 OMB-01 CEA-02 COME-00

FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01 FEA-02 SCI-06

IO-14 OIC-04 INT-08 NEA-11 AF-10 DRC-01 /227 W

----- 036945

OR 211353Z JAN 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 2797

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 2 OF 2 THE HAGUE 0319

PASS ALSO TO T/IEP

FOR UNDER SECRETARY DONALDSON FROM AMBASSADOR GOULD

E.O. 11652: GDS
TAGS: ENRG
SUBJ: ENERGY: PREPARATIONS FOR INTERNATION ENERGY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 THE HA 00319 02 OF 02 211633Z

CONFERENCE

REF: STATE 12410

EFFECTIVE SYSTEM OF PRICE CONTROLS, UNIONS' PRESSURE FOR SAME CAN BE EXPECTED TO MOUNT ANDFACE GOVERNMENT WITH SERIOUS PROBLEMS IN COPING WITH PRESENT ECONOMIC SITUATION. CONSERVATIVE OPPOSITION IS SUSPICIOUS OF GOVERNMENT MOTIVES IN SEEKING EMERGENCY POWERS FOR 12 MONTHS. ON THE OTHER HAND GOVERNMENT GOT ITS EMERGENCY POWERS WITHOUT SERIOUS DIFFICULTY AND IS NOT NOW UNDER UNDUE PRESSURE FROM EITHER LABOR UNIONS, COALITION PARTNERS OR OPPOSITION.

8. EFFORTS TO DEAL WITH CRISIS. EMERGENCY POWERS ACT GIVES GON POWER TO FIX WAGES, PRICES, DIVIDENDS, AND RENTS, TO PROHIBIT FIRING OF WORKERS, AND TO CONTROL USE OF ENERGY. ONE OF EARLIEST AND MOST PUBLICIZED MEASURES WAS "CAR-LESS" SUNDAYS WHICH TOGETHER WITH VOLUNTARY SPEED LIMIT OF 100 KILOMETERS AN HOUR SAVED ABOUT 10 PERCENT ON NORMAL GASOLINE CONSUMPTION. REDUCTION OF TEMPERATURES IN HOMES AND OFFICE BUILDINGS ALSO SHOWED GOOD RESPONSE TO GOVERNMENT LEADERSHIP. MORE RECENTLY GON HAS GRANTED COL WAGE SUPPLEMENT, INSTITUTED GASOLINE RATIONING (FROM JAN 12 REPLACING "CAR-LESS SUNDAYS"), MADE AVAILABLE SUPPLEMENTARY FUNDS FOR UNEMPLOYMENT RELIEF, AND SUSPENDED EXPENDITURE OF 750 MILLION GULDERS FROM CY 74 BUDGET. IT WAS ANNOUNCED JAN 19 THAT BASIC WAGES WILL BE FROZEN AT DEC 31 LEVEL "INDEFINITELY", BUT AT LEAST UNTIL APRIL 1. THERE ARE INDICATIONS THAT GASOLINE RATIONING MAY BE REPLACED BY LESS RIGID FORM OF RESTRAINT, INCLUDING MANDATORY SPEED LIMIT, AFTER FEBRUARY AND THAT TIGHTER PRICE CONTROLS MAY BE INSTITUTED AT SOME POINT. GON WILL ALSO SEEK HIGHER PRICES FOR NATURAL GAS EXPORTS TO GERMANY AND ITALY (ESCALATION IS AUTOMATIC UP TO 70 PERCENT OF HEAVY FUEL OIL PRICE INCREASE IN CONTRACTS WITH BELGIUM AND FRANCE). GON HAS STANDBY EXPORT LICENSE REQUIREMENT FOR PETROLEUM BUT HAS NOT RESTRICTED EXPORTS AND IS NOT EXPECTED TO.

9. ENERGY FACT SHEET.

A. DIRGEN ENERGY WANSINK GAVE US FOLLOWING BREAKDOWN OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 THE HA 00319 02 OF 02 211633Z

DUTCH ENERGY CONSUMPTION 1973 INCLUDING BUNKERS: PETROLEUM
52 PERCENT, NATURAL GAS 42 PERCENT, SOLID FUELS 5 PERCENT,
NUCLEAR AND WATER POWER ONE PERCENT, REPRESENTING TOTAL OF
68 MILLION METRIC TONS OIL EQUIVALENT.

B. OIL FLOW FOR NETHERLANDS ON BASIS AVERAGE DAY UNDER
NORMAL CONDITIONS (PRE-OCTOBER) IS AS FOLLOWS:

CRUDE IMPORTS-1.4 MILLION BPD
REFINERY OUTPUT-1.32 MILLION BPD
REFINED PRODUCT IMPORTS-164,000 BPD
DOMESTIC CONSUMPTION OF PRODUCTS-500,000 BPD
BUNKERS-225,000

C. IMPORTS OF CRUDE OIL:
TOTAL BY COUNTRY JAN-SEPT 1973 IN MILLION METRIC TONS:

SAUDI ARABIA	25.9
IRAN	16.3
KUWAIT	14.0
NIGERIA	7.9
QATAR	4.2
ABU DHABI	3.0
LIBYA	2.4
ALGERIA	0.6
GABON	0.6
OTHER SOURCES (7)	1.6
AVERAGE TOTAL PER MONTH	8.5

ESTIMATED MONTHLY TOTALS OCT-DEC IN MILLION METRIC TONS: ON BASIS
OF OIL COMPANY REPORTS:

OCTOBER 10.5
NOVEMBER 9.7
DECEMBER 5.2

D. REFINED PRODUCT IMPORTS JAN-SEP 1973 IN THOUSAND
METRIC TONS:

USSR	1,125
UK	1,036
CONFID	
E E E E E E E	

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, CONSERVATION, IMPORTS, EXPORTS, LESS DEVELOPED COUNTRIES, ECONOMIC ESTIMATES, INTERGOVERNMENTAL COOPERATION, FOREIGN MINISTERS MEETINGS, TRADE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974THEHA00319
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740126/aaaaayry.tel
Line Count: 318
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 12410
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 01 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2002 by kelleyw0>; APPROVED <29 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY:PREPARATIONS FOR INTERNATIONAL ENERGY CONFIDENTIAL
TAGS: ENRG, NL
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005